

research snapshot

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Economic Globalization Creates a Poverty Trap

What is this research about?

This research is about economic globalization and its negative impact on health and social well-being. Those in favor of globalization argue that free markets and fewer trade barriers will help improve the economies of developing countries. This research however, shows that trade agreements are set to disadvantage poorer countries. The free market system has trapped many nations into a vicious cycle of poverty.

What did the researcher do?

The researcher looked at past studies on the topics of globalization, health, poverty and the environment. She also reviewed the history of the World Trade Organization (WTO), International Monetary Fund (IMF) and the World Bank. She then identified alternatives to globalization that give room to social welfare programs such as healthcare and education.

What did the researcher find?

The researcher found that globalization is a root cause of poverty and poor health in the developing world. Trading goods, services,

What you need to know:

Economic globalization is a core cause of poverty. Global institutions such as the IMF and the World Bank are controlled by the richest countries, and use their power to oppress developing.

capital, and labour across countries has also led to environmental damage. When a country can't attract enough foreign direct investment, its last option is to borrow money from the IMF. However, to receive loans, it must meet the conditions set by the IMF. Conditions include reducing public spending on health and school, an increase in prices of everyday items and reduced tariffs on trade. These conditions deprive a developing country of the opportunity to improve its economy. This is because without access to healthcare and school, or by being underpaid for traded goods, the society cannot make progress.

Global institutions such as the World Bank and the IMF have too much power, and are represented mostly by the wealthiest nations. Multinational corporations also have control over them, which has forced governments into caring more about making profits than the well-being of

society.

Globalization has also put women, people's health and the environment in jeopardy. Women make up a majority of the workforce in exporting goods, but their income is only 50 to 80 percent of the wages paid to men. Healthcare workers such as nurses are devalued and work in poor conditions. While nurses have been replaced by unregulated workers, globalization has brought in more health risks from rich countries such as smoking cigarettes and fast food. Burning fossil fuels and deforestation cause global warming, more animals are becoming extinct, and the human population is multiplying. These factors that damage the environment pose a threat to health and life on earth.

Regulations set by the WTO are also flawed and lead to social problems. For example, the European Union pays millions of dollars to complaining countries each year, because they refused to import hormone-treated beef. The reason is that the WTO felt that the EU did not provide an adequate scientific risk assessment to prove that hormone-treated beef is harmful. This research suggests that the WTO should base its trade laws on the proof of whether something is not harmful.

How can you use this research?

This research may be used by nursing and other professional organizations to persuade the IMF about forgiving debt held by developing countries. When making trade agreements, policymakers need to consider environmental protection. The researcher recommends that global institutions need to find a balance between economic development and providing enough social welfare programs.

About the Researcher

Adeline Falk-Rafael is Professor at the School of Nursing, York University.

arafael@yorku.ca

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kmbunit@yorku.ca

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